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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
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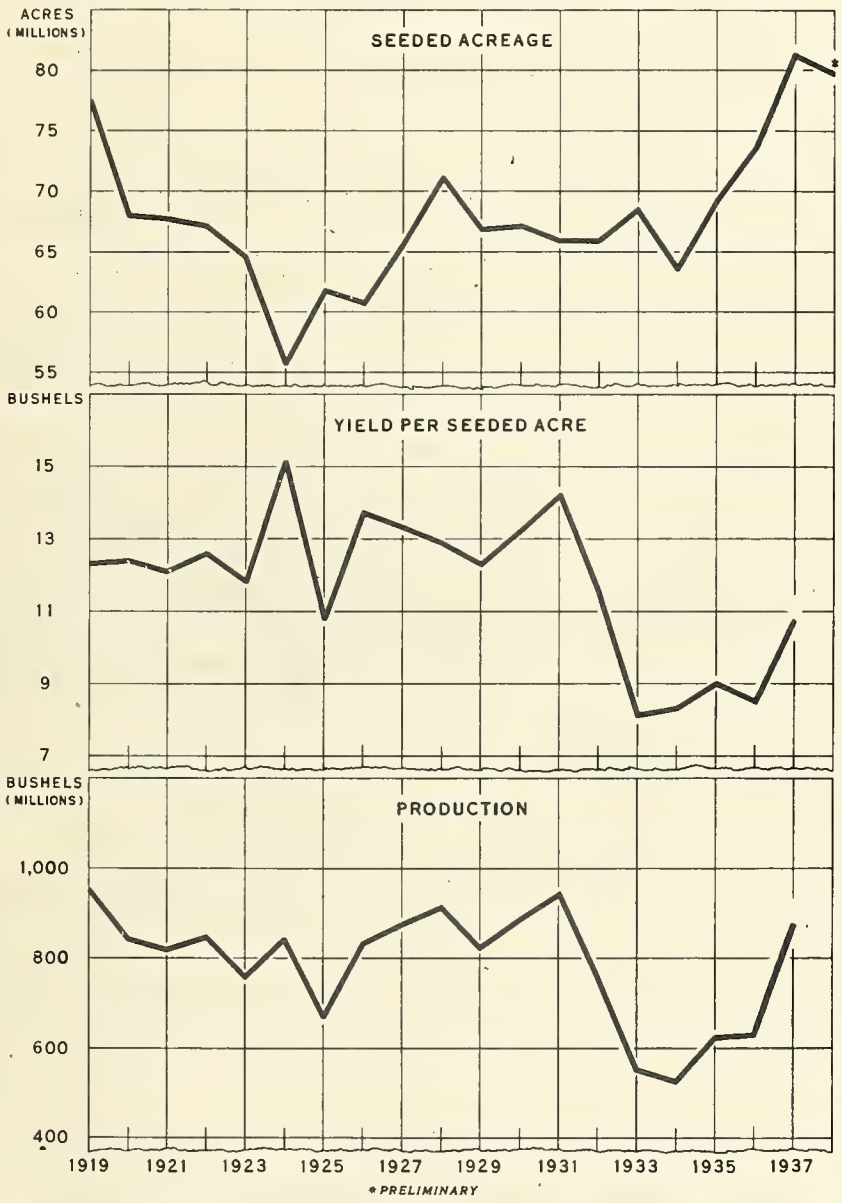
THE WHEAT SITUATION
INCLUDING RYE

THIS ISSUE HAS BEEN PREPARED WITH PARTICULAR REFERENCE TO THE REPORT OF THE CROP REPORTING BOARD OF THE BUREAU OF AGRICULTURAL ECONOMICS ON PROSPECTIVE PLANTINGS FOR 1938. IT BRINGS UP TO DATE THE 1938 OUTLOOK FOR WHEAT, WHICH WAS ISSUED LAST NOVEMBER BY THE BUREAU IN COOPERATION WITH FEDERAL AND STATE EXTENSION WORKERS.

ALL WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, 1919-38



U. S. DEPARTMENT OF AGRICULTURE NEG. 29391 BUREAU OF AGRICULTURAL ECONOMICS

THE WHEAT ACREAGE SEEDED FOR HARVEST IN 1938 WAS ALMOST AS LARGE AS LAST YEAR'S, WHICH WAS THE LARGEST ON RECORD. PRODUCTION DURING THE PAST SIX YEARS HAS BEEN GREATLY REDUCED AS THE RESULT OF SMALL YIELDS PER ACRE CAUSED LARGELY BY DROUGHT AND RUST.

THE WHEAT SITUATION
Including Rye

Summary

If farmers seed the acreage indicated in the prospective-plantings report, and if average yields are obtained, this year's spring wheat crop including durum will amount to about 200 million bushels. This, together with the winter wheat crop indicated at about 630 million bushels on the basis of the December 1 condition, would point to a total wheat crop of approximately 830 million bushels in the United States this year, the Bureau of Agricultural Economics points out.

A crop of 830 million bushels would be 160 million in excess of the 5-year (1932-36) average disappearance of 670 million bushels, and would increase the carry-over at the end of the year. With prospects for a carry-over on July 1 of about 200 million bushels, and assuming that exports in 1938-39 will not exceed 50 million bushels, the carry-over in 1939 would be around 300 million bushels. Stocks exceeded this figure during 1931-33, and reached 378 million bushels in 1933. Methods of checking large accumulations are now provided under the Agricultural Adjustment Act of 1938, through acreage adjustments and marketing quotas if approved by growers.

While prospective spring wheat acreage has been interpreted in terms of average yields in order to summarize the situation, such an interpretation must not be considered as an estimate. The Crop Reporting Board will indicate a probable range in production in its report on June 10 next and will issue its first estimate on July 11.

Weather conditions since December 1 suggest that prospects for winter wheat have improved slightly. Generally speaking, while surface moisture is adequate in the hard winter wheat and spring wheat areas, subsoil moisture

remains deficient in these sections. Moreover, there is an abundance of grasshopper eggs over a wide area, the possible damage from which will depend upon weather conditions. It is still possible, therefore, that production may not be greatly in excess of domestic utilization.

Official reports received to date covering winter wheat acreage in 20 countries show a total of 160,878,000 acres compared with 161,512,000 acres in these same countries a year earlier. The acreage seeded to winter wheat in 14 European countries is placed at 61,811,000 acres compared with 61,111,000 acres last year. Growing conditions in Europe are reported to be favorable.

It is too early to forecast the 1938-39 world wheat crop, but if better yields are obtained in Europe and more nearly normal yields are secured in Canada and Argentina than in 1937-38, a larger world production with lower prices may be expected. Any increase in purchases by European countries for the purpose of building up reserve stocks, or a general increase in commodity price levels, however, would tend to offset any decline in world prices due to larger supplies.

World wheat production in 1937 was about equal to the 5-year (1930-34) average, and large enough to increase world carry-over stocks by about 75 million bushels. Even with this increase, however, world stocks in July 1938 will be only about equal to the average of 1922-26, prior to the time when the world surpluses accumulated.

The peak of wheat shipments from the Southern Hemisphere countries probably was reached in late February. As offerings and receipts at European markets are reduced in April, it is expected that foreign takings of United States wheat will increase temporarily. Then, as crop prospects become more clearly defined, prices will adjust toward the new crop basis. Exports and shipments of United States wheat and flour expressed in terms of wheat, July 1 to March 12, this season, are estimated at about 65 million bushels.

THE WHEAT OUTLOOK FOR 1938-39

BACKGROUND.- 1/ The acreage seeded to wheat for harvest in 1937, estimated at 81 million acres, was the largest in the history of the country. The acreage seeded for harvest in 1919 was the largest on record up to that time. For the 1919 to 1924 crops, seeded acreage declined from 77 million to 56 million acres. Then it rose to 71 million acres in 1928, and during the 1927-36 period averaged 68 million acres. The acreage seeded to spring wheat has fluctuated widely in recent years largely as the result of variable weather conditions at seeding time. In 1934 it was only 19 million acres while in 1936 and 1937 it was 24 million acres. The 1927-36 average was 22 million acres.

Acreage and Production in the United States

On the basis of the March 1 reports from farmers regarding their seeding plans, an area of 22,282,000 acres is indicated for seeding to spring wheat. This acreage would be about 6 percent below the actual seedings in 1937 and about 1 percent above the average during 1927-36. The total includes prospective seedings of 3,613,000 acres of durum wheat, which is 12 percent above the acreage sown in 1937, and 18,669,000 acres of other spring wheat, which is 9 percent below last year. In comparison with average, this year's probable seeding of durum wheat is 14 percent below the acreage seeded annually from 1927 to 1936, while probable seedings of other spring wheat are 4 percent above the average for this 10-year period. The acreages actually planted in 1938 may turn out to be larger or smaller than the indicated acreages here shown, by reason of weather conditions, price changes, labor supply, financial conditions, and the agricultural conservation program.

The largest decrease in prospective spring wheat seedings is in the Pacific Northwest where about 800,000 acres less of spring wheat are planned. This is nearly offset, however, with about 500,000 acres more of winter wheat seeded last fall in this area and with present condition excellent compared with very poor condition and heavy abandonment a year ago. A decline of about 160,000 acres in the prospective spring wheat acreage in Montana was also about offset by an increase of about 135,000 acres of winter wheat and a much better condition than a year earlier. The all-spring-wheat prospective seeded acreage in North Dakota decreased 2 percent with no winter wheat offset, while an increase in winter wheat seedings in South Dakota more than offset a small decrease in spring seeding prospects in that State. Table 11 shows the prospective seedings of durum, other spring, and all spring wheat by groups of States, compared with recent years

Because of the wide range in the annual percentage abandonment of spring wheat, it is impossible to forecast the acreage for harvest with any degree of accuracy at this time. During the period from 1924 to 1933, the abandonment of all spring wheat averaged only 6.9 percent, while during the years from 1927-36 the average abandonment was 18.8 percent. The abandonment in 1934 and 1936 was approximately one-half of the seeded acreage. Assuming that abandonment for 1938

1/ See also background statements on pages 8 and 13 .

will approximate 15 percent, the average from 1929-37 but excluding the heavy loss years of 1934 and 1936, the indicated acreage for harvest of durum wheat would be around 3,200,000 acres; other spring wheat about 15,800,000; and all spring wheat 19,000,000 acres.

If average yields per harvested acre during this same period are used to interprete this acreage, a crop of close to 200 million bushels would be indicated. The average yield for 1929-32 was 10.7 bushels, and that for 1933-35-37 was 9.6 bushels, while the average for the 7 years was 10.2 bushels.

If abandonment of winter wheat should turn out as indicated in the Board's December 1937 report and if about 19 million acres of spring wheat are harvested, the total wheat acreage for harvest in the United States in 1938 would be about 66 million acres. This compares with 64,460,000 acres harvested in 1937 and an average of 55,325,000 acres during 1927-36.

Winter wheat production was tentatively indicated at 630 million bushels in the December Crop Report. Weather conditions since this report was issued suggest that prospects for winter wheat have improved slightly.

United States Carry-over Stocks July 1, 1938

On the basis of present prospects, the carry-over of wheat in the United States on July 1, 1938, is expected to be approximately 200 million bushels. The total domestic supplies in the United States 2/ for 1937-38 have been estimated at 965 million bushels, consisting of a carry-over on July 1, 1937 of 91 million bushels and a crop of 874 million bushels. Exports and shipments of wheat and flour in terms of wheat are still forecast at 90 million bushels and utilization at 675 million bushels.

Prospective United States Supplies in 1938-39

If farmers plant the acreage indicated in the prospective-plantings report, and if average yields are obtained, this year's spring wheat crop would amount to about 200 million bushels. This, together with the winter wheat crop indicated at about 630 million bushels on the basis of the December 1 condition, would point to a total wheat crop in the neighborhood of 830 million bushels in the United States this year. A crop of this size would be 160 million bushels in excess of the 5-year (1932-36) average disappearance of 670 million bushels, and would increase the carry-over at the end of the year. With prospects for a carry-over on July 1, 1938, of about 200 million bushels, and assuming that exports would not exceed 50 million bushels, the carry-over in 1939 would be expected to be around 300 million bushels. Conditions as favorable for exporting wheat as during the current season, when exports may approach 90 million bushels, probably will not be repeated next year, due to prospective larger supplies in exporting countries. Unlike the previous period of large stocks, 1931-33, methods of checking further accumulations are now provided under the Agricultural Adjustment Act of 1938 through acreage adjustments, and through marketing quotas if approved by growers.

2/ Supply and distribution of wheat by classes, average for 1929-30 to 1933-34 and crop years 1933-34 to 1937-38, is shown in table 7 of the February issue of "The Wheat Situation".

While prospective spring wheat acreage has been interpreted in terms of average yields in order to better summarize the situation, such an interpretation must not be considered in the light of an estimate. The Crop Reporting Board will indicate a probable range in production in its report on June 10 and will issue its first estimate on July 11.

World Wheat Crop Prospects for 1938-39

The total area sown to winter wheat for harvest in 1938 in the 20 countries for which estimates are now available, is 160,878,000 acres compared with 161,512,000 acres a year ago. (Table 1). This is a slight decrease from the acreage sown to winter wheat in these countries a year ago but is about 7 million acres more than that sown for harvest in 1936. A million-acre decrease in North Africa more than offsets a 700 thousand-acre increase in Europe. Small decreases are reported for North America and India.

Table 1.- Winter Wheat: Area sown in specified countries, for harvest in 1936, 1937 and 1938

Country	1936	1937	1938
	1,000 acres	1,000 acres	1,000 acres
United States	49,765	57,612	57,492
Canada	585	781	690
Total (2)	50,350	58,393	58,182
Belgium	420	422	423
Bulgaria	2,596	2,845	2,874
Czechoslovakia 1/	2,206	1,994	2,028
England and Wales	1,704	1,732	1,807
France 2/	12,536	12,772	12,352
Greece 2/	2,011	2,076	1,900
Germany	4,757	4,335	4,507
Hungary	4,045	3/ 3,727	3/ 4,139
Italy	12,434	12,692	12,065
Lithuania	349	379	357
Poland	3,736	3,736	3,781
Portugal	1,157	1,093	4/ 1,310
Rumania	7,720	7,966	8,827
Yugoslavia	5,466	5,342	3/ 5,436
Total (14)	61,137	61,111	61,811
Total (16)	111,487	119,504	119,993
Morocco	3,194	2,743	4/ 3,089
Algeria	4,287	4,311	4,083
Tunisia	1,221	2,429	4/ 1,310
India, second estimate	33,331	32,525	32,403
Total, 20 countries	153,520	161,512	160,878

1/ Includes spelt. 2/ To January 1.
3/ Estimate of the Belgrade office of the Bureau of Agricultural Economics.
4/ Estimate of the Paris office of the Bureau of Agricultural Economics.

The area sown in the 14 European countries reporting is about the same or slightly larger than the area of last year when it represented over 80 percent of the total wheat area harvested in Europe. Increases in the area seeded in Hungary and in Rumania bring the total for the Danubian Basin above that of last year. Weather conditions have been favorable throughout most of Europe and the condition of the crop is generally good.

In Soviet Russia winter seedings are reported in generally satisfactory condition for this season of the year. Some regions, however, appear to have entered the winter period with below normal moisture supplies and snowfall in many regions has been below average, so timely spring rains will be a significant factor for crop development. According to the recently announced spring sowing plan in Soviet Russia the spring wheat acreage will be smaller than last year. The plan provides for a spring acreage of 63 million acres this year compared with the 1937 plan of 64 million acres which is believed to have been exceeded by about 2 million acres. The new plan provides for an extension of crop rotation practices with an attendant shift from cereals to forage crops. Spring planting operations are behind schedule.

In North Africa the area sown is below that of a year ago. Morocco reports an increase but this is more than offset by decreases in Algeria and Tunisia. The acreage in Tunisia is only a little over 50 percent of the 1937 acreage. Crop conditions are variable, being very favorable in Morocco and in Algeria but unfavorable in Tunisia.

The second estimate shows the acreage in India to be very slightly less than that of last year. Harvesting will begin next month, and above average yields are expected on an acreage of 32,403,000 acres.

The Shanghai office of the Bureau of Agricultural Economics reports that the wheat acreage in China is believed to be decreased by at least 10 percent from the small acreage of last year, because of the unsettled conditions, fighting having occurred in virtually all of the important wheat producing provinces. Weather conditions have been favorable for first stage growth, however, and if they continue favorable the 1938 crop may not be greatly different from last year when the yield per acre was small. Indications point to an acreage in Japan equal to the large acreage sown last year, when 1,770,000 acres were reported.

Conditions in Canada for the spring wheat crop are good compared with conditions in recent years, with the exception of southwestern Saskatchewan and southeastern Alberta where there is still a moisture deficiency.

Heavy rains are needed in Australia where continued dry weather is delaying seeding preparations.

World Wheat Price Prospects for 1938-39

It is too early to forecast the 1938-39 world wheat crop, but if average yields are obtained in Europe and more nearly normal yields are secured in Canada and Argentina than in 1937-38, a larger world production and lower prices might be expected. Any increases in purchases by European countries for the

purpose of building up reserve stocks, or a general increase in commodity price levels, however, would tend to offset any decline in prices due to larger supplies. The world wheat production in 1937 was about equal to the 5-year (1930-34) average, and large enough probably to increase world carry-over stocks by about 75 million bushels. However, even with this increase world stocks in July 1938 will only be about equal to the average of 1922-26, prior to the time when the world surpluses accumulated.

THE WORLD WHEAT SITUATION IN 1937-38

BACKGROUND.- Total world supplies of wheat, after increasing from 1929 to 1933, declined sharply following successive years of small production and increased world demand. The apparent world disappearance has averaged about 3,770,000,000 bushels during the past 10 years. World prices of wheat moved steadily upward from the spring of 1933 to the summer of 1937, reflecting higher world commodity price levels, four successive below-average harvests in North America, and the 1935-36 short Southern Hemisphere crop. In 1936-37 wheat prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

World wheat production, excluding that of Soviet Russia and China, in 1937-38 is estimated at 3,816,000,000 bushels (table 14), or about 280 million bushels larger than in 1936-37. However, world stocks on about July 1, 1937, excluding those of Soviet Russia and Asia, were about 210 million bushels smaller than a year earlier, resulting in total supplies in 1937-38 about 70 million bushels larger than the small supplies in 1936-37. Net exports from Soviet Russia in 1937-38 may be about 35 million bushels compared with 4 million bushels in 1936-37.

World Trade in Wheat

The world net wheat imports has been about in line with Bureau expectations, and the September forecast of net imports of 485 million bushels, compared with 563 million bushels in 1936-37, has not been changed, minor revisions having offset one another. The 1937-38 imports by the net importing countries of Europe are now forecast at 395 million bushels while shipments to non-European countries, which corresponds to the Broomhall series and which reflects fairly well the year-to-year changes in imports by non-European countries, is forecast at 90 million bushels. The European figure represents a decrease of 5 million bushels, compared with the September forecast, which is offset by an increase of the same amount in the non-European figure.

Takings by European countries during the remainder of the year are expected to be well below those of the corresponding period of a year earlier. During the second half of the 1936-37 season Italy and Germany were very important importers of wheat. This season, however, it is unlikely that they will import anything like the quantity they did during the second half of last year.

Tables 3, 10, 12 and 13 show figures on the movement of wheat in international trade this season compared with corresponding period and totals for other years.

Supplies and exports

Table 2 shows the estimated wheat surplus for export or carry-over on March 1 in the four principal exporting countries, together with United Kingdom port stocks and afloat. These total 490 million bushels compared with 327 million bushels a year ago and 534 million bushels 2 years ago. On the basis of these estimates, assuming total exports for the 1937-38 season of 485 million bushels and small carry-overs in all countries except the United States, exports for the March-through-June period are forecast to be approximately as follows: 30 million bushels from the United States, 10 million bushels from Canada and 85 million bushels from the Southern Hemisphere countries. In addition, the Danubian countries may be expected to export in the neighborhood of 30 million bushels and other countries about 10 million bushels. It is estimated that the total exports from July through February have amounted to about 325 million bushels.

Table 2.- Wheat surplus for export or carry-over in the four principal exporting countries, United Kingdom port stocks and stocks afloat, March 1, 1935-38 1/

Position	1935	1936	1937	1938
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
United States:				
In United States	136	112	74	229
In Canada	1	0	0	1
Canada:				
In Canada	254	226	76	49
In United States	21	23	17	2
Argentina	129	51	85	62
Australia	91	75	75	92
Total	632	487	327	435
United Kingdom port stocks	12	8	10	11
Stocks afloat to:				
United Kingdom	12	22	18	16
Continent	8	8	17	16
Orders	14	9	24	12
Total	46	47	69	55
Grand total	678	534	396	490

1/ For other than the United States: Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date. For the United States: Year-end stocks minus imports for the year plus March-June exports and shipments (1938 figure based on carry-over on June 30, 1938 of 200 million bushels and March-June exports of 30 million bushels).

It is probable that net exports from Soviet Russia may not greatly exceed about 35 million bushels. Shipments to date from the South Russian ports approach this amount. The Soviet Union has recently expressed interest in charterings for fair sized spring shipments, but at the same time that country purchased about 4 million bushels of Australian wheat for shipment to Vladivostok. Prospective spring exports may about offset these purchases, which were made to facilitate distribution of grain within the country. Exports by Soviet Russia after January 1 are usually very small.

Imports by European countries

Table 3 includes a column which shows the 1937-38 forecasted net imports of the importing countries of Europe. While it is possible to compute the statistical deficiencies by countries and make the most reasonable allowances for political and economic conditions, imports into some important countries are so tied up with governmental policy that forecasts are largely a matter of conjecture. France is one of the countries in which governmental policy is largely the determining factor, and it seems desirable to revise downward the figure on net imports by about 5 million bushels.

Table 3.- Net imports of wheat, including flour, into European countries, year beginning July 1, 1936-37 and 1937-38

Country	1936-37	1937-38 1/ forecast	Net imports reported: July 1 to	1936-37	1937-38
	Million bushels	Million bushels		Million bushels	Million bushels
Austria	10	10	Dec. 31	4	3
Belgium	40	40	Dec. 31	23	23
Czechoslovakia	2/ -11	2/ -1	Jan. 31	2/ -3	2/ -3
Denmark	7	6	Dec. 31	4	3
Finland	4	3	Dec. 31	2	1
France	7	21	Nov. 30	2	6
Germany	23	29	Jan. 31	3/	29
Greece	21	13	Dec. 31	10	7
Ireland	14	13	Jan. 31	9	8
Italy	54	5	Jan. 31	11	5
Latvia	1	1	Dec. 31	4/	3/
Netherlands	21	24	Jan. 31	12	14
Norway	9	8	Jan. 31	4	4
Poland	2/ -6	2/ 0	Dec. 31	2/ -4	4/
Portugal	4/	3	Nov. 30	3/	3/
Sweden	4/	2/ -1	Jan. 31	2/ -1	2/ -1
Switzerland	19	16	Jan. 31	11	8
United Kingdom	199	200	Jan. 31	113	111
Total imports of above	429	392	.....		
Spain	6	3			
Total imports	435	395		205	222
Total exports	17	2		8	4
Total, net imports	418	393		197	218

Compiled from official sources except as otherwise stated.
1/ Forecast by European offices of the Bureau of Agricultural Economics.
2/ Net exports.
3/ Less than 500,000 bushels.
4/ Net exports of less than 500,000 bushels.

According to recent calculations annual needs in France amount to approximately 281 million bushels 3/. To supply these needs during the 1937-38 consuming year there was a crop estimated at 254 million bushels. The net exportable supplies from Northern Africa for France were forecast at approximately 19 million bushels, thus leaving a net deficit excluding colonial supplies of 8 million bushels. At the end of January the Council of the Wheat Board surveyed the situation and declared that there appeared to be no need to import wheat with the possible exception of small quantities of durum. The deficit, it was believed, could be covered by a reduction in stocks. With stocks on August 1, 1937 estimated at about 27 million bushels, a reduction of 8 million bushels would still leave approximately 19 million bushels on August 1, 1938. While there appears to be an exportable surplus in the North African colonies of 19 million bushels, it may be that somewhat less than this amount will actually be released. An effort may be made by Algeria to retain a part of its surplus in governmental stocks if sufficient money is available, and exports from Tunisia might be restricted by fears of an approaching light harvest.

Accumulation of reserve stocks 3/

It now appears quite evident that both Germany and Italy have been replenishing their depleted bread grain stocks to some extent and will end this season with increased carry-over supplies compared with a year ago. Stocks data in Germany do not appear to fully reflect the stocks position so that it is not possible to clearly follow this movement. The very heavy German purchases of wheat and especially corn during the first half of the season must be regarded as a move to conserve rye and partly rebuild stocks. Though the emphasis appears to have been placed largely upon rye stocks thus far, it seems quite likely that in case of a good grain crop this year and more favorable wheat price levels, increased attention will be given to wheat stocks.

In Germany the formation of non-reported emergency stocks of bread grains seems to be indicated by the size of the calculated disappearance figure. In view of the fact that it is unlikely that human consumption of wheat so far this season has exceeded the monthly average of last season, it is probable that more than 6 million bushels of wheat reserves have been accumulated. The total disappearance of wheat August-January amounted to about 111-1/2 million bushels. If about 19-1/2 million bushels are assigned to seed and loss, human consumption roughly estimated at 84 million bushels on the basis of consumption last year, and feeding 2 million bushels, about 6 million bushels would not be accounted for. Moreover, if human consumption of wheat flour is much less than last year, which may well be the case because of poorer quality due to admixtures of corn, the surplus unaccounted for might be significantly larger than 6 million bushels.

In the case of rye the surplus unaccounted for is much greater than for wheat. Considering a maximum rye consumption somewhat larger than last year and that potato flour was mixed with the rye flour, the calculation is as follows: Total rye disappearance from August through January amounted to about 165 million bushels. If about 37 million bushels are assigned to seed and loss, human consumption roughly estimated at 97 million bushels, which is somewhat greater than the monthly rate last year, and feeding about 12 million bushels,

3/ Reported by foreign offices of the Bureau of Agricultural Economics.

the surplus not accounted for would amount to about 19 million bushels.

Consumption reduced by flour admixtures

One of the interesting features of the consumption situation this season has been the marked increase in the number of countries requiring special admixtures to wheat and rye flour. This move, which was reintroduced by Germany just about a year ago and applied in a general way to wheat flour, has now been taken up by Italy, Austria and Portugal. In some cases corn flour is mixed with wheat flour, and as a result of the large potato crops in Central Europe, potato flour is now a rather common admixture. Germany this season is requiring an admixture of potato flour to rye flour and corn flour to wheat flour and the quality deterioration has been very marked.

Foreign Wheat Prices

World wheat prices, after showing strength toward the end of February, declined sharply. During the week ended February 25, the influence of increased inquiry from European importers and heavy purchases by Soviet Russia for shipment to Vladivostok more than offset the price-effect of improved prospects resulting from beneficial moisture over much of the dry southwestern wheat area. During the first 2 weeks of March, prices were depressed by large stocks of Southern Hemisphere wheat on ocean passage, offerings of Indian wheat, and improved domestic winter wheat prospects.

Table 4.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats				Soft wheats		
	U.S. (Gulf) No.2 Hd. Winter	Argentine Rosafe	Canada No.3 Manitoba 1/	Russian	U. S. (Pacific) White	Australian 1/	India choice Karachi 1/
1938	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Jan.							
7	128.1	129.7	153.9	---	114.1	116.4	---
14	129.4	134.1	154.4	---	113.1	117.0	---
21	129.7	130.5	148.4	---	112.5	116.4	---
28	126.7	126.7	152.0	---	112.6	116.5	116.5
Feb.							
4	126.1	129.2	143.3	---	114.4	116.7	115.1
11	125.5	129.5	144.4	132.6	113.0	116.9	113.8
18	121.9	128.1	---	---	109.3	115.6	112.4
25	122.3	123.1	144.3	---	112.1	---	114.1
Mar.							
4	2/ 126.1	126.9	---	123.8	110.4	113.5	107.4
11	2/ 117.3	121.2	---	117.3	105.6	112.6	104.2
18	2/ 116.2	117.0	---	114.6	104.6	106.9	103.0

1/ Empire wheat qualifying for Imperial Preference is exempt from duty (approximating 6 cents per bushel) under Ottawa Agreements of November 1932.
2/ No. 1 Dark Hard Winter.

Table 4 shows Friday prices of imported wheat at Liverpool from six countries and the United States. While a division is roughly made between hard and soft wheats, no direct comparability is implied between the various wheats in each division. Canadian No. 3 Manitoba is a superior wheat to United States No. 2 Hard Winter. Argentine Rosafe is directly competitive with United States No. 2 Hard Winter, but while it is currently somewhat higher priced, over a period of time the Rosafe may run softer than the No. 2 Hard Winter. Rosafe refers to the district in Argentina where the wheat is produced, in which district soft, semi-hard and hard wheats are raised. Russian wheat is sold on sample and the quotations are not strictly comparable even for Russian wheat.

Table 6 shows the closing prices of May futures in Winnipeg, Liverpool, and Buenos Aires, together with those at Chicago, Kansas City, and Minneapolis.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of wheat in the United States for the 5-year period (1924-28) averaged about 115 million bushels. Stocks which began to accumulate in 1929 reached the record peak of 378 million bushels in 1933. Four small wheat crops since that time, however, reduced stocks to about 100 million bushels by July 1, 1937.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high relative to world market prices, because of four small domestic crops caused largely by abnormally low yields per acre. During 1936-37 both world and domestic prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

Early in the 1937-38 season, domestic and foreign wheat prices rose sharply following reports of serious damage to the Canadian crop and the threat of rust damage in the United States, and it was thought possible at that time that world prices might remain sufficiently above the 1936-37 levels to offset the decline in United States prices to an export basis. However, with an increase of over 100 million bushels in the estimate of the world crop, excluding Soviet Russia and China, the likelihood of large shipments from Soviet Russia, a slow European demand, disturbed business conditions, and a falling general commodity price level, wheat prices in world markets have declined, and the price of wheat at local United States markets, weighted by monthly sales, is now expected to average somewhat under $1 a bushel in 1937-38 compared with $1.03 in 1936-37.

Domestic Wheat Supplies and Distribution

There have been no changes in the estimates of the domestic supply and distribution since the last issue of "The Wheat Situation" (pages 9 - 10).

Domestic Wheat Prices

Domestic wheat prices in February and early March were influenced by the same factors as prices in other countries. For the week ended March 18, when the Liverpool market continued to decline under pressure of heavy Australian offerings, domestic markets fluctuated sharply, being more disturbed by the foreign financial and political situation than foreign markets themselves.

The peak of wheat shipments from the Southern Hemisphere countries probably was reached in late February. As offerings and receipts of wheat from these countries at European markets are accordingly reduced in April, it is expected that takings of United States wheat will increase temporarily. Then, as new world crop prospects become more clearly defined, prices will adjust toward the new crop basis.

Tables 5 and 6 show wheat prices at specified domestic and foreign markets.

AREA AND CONDITION OF FALL-SOWN RYE

The area sown to winter rye in the 11 countries for which reports are available is slightly below that reported for these countries last year. The 9 European countries, however, show a small increase. Germany, Poland, and Czechoslovakia, all important producing countries, show slight increases in acreage (table 7).

The condition of the crop in Germany is noticeably better than at this time last year when winter kill had been so heavy. The crop is now in above average condition. In Czechoslovakia the crop condition is reported to be satisfactory and is well above that of last year as is the case in Poland.

Table 5.-Weighted average cash price of wheat, specified markets and dates, 1936-37 and 1937-38

Date	All classes: and grades: six markets		No. 2 Hard Winter: Kansas City		No. 1 Dk.N.Spring: Minneapolis		No. 2 Hard Amber Durum: Minneapolis		No. 2 Red Winter: St. Louis		Western White: Seattle 1/	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
Dec.	139.3	96.2	134.2	96.5	159.0	119.6	178.5	105.8	135.4	95.0	112.7	85.5
Jan.	144.3	102.4	138.0	102.7	165.9	127.0	171.3	108.7	139.6	100.2	112.2	88.9
Feb.	138.5	98.8	136.5	99.6	159.4	125.1	170.0	110.1	143.2	99.3	114.4	90.0
Week ended -												
Feb. 5	136.9	99.6	136.0	100.6	-	129.0	-	108.2	140.0	100.4	112.4	90.5
12	142.0	100.2	143.9	102.6	161.5	124.8	202.0	110.1	144.6	100.2	117.1	90.3
19	140.2	97.2	137.8	99.0	164.8	117.0	178.2	107.4	143.4	98.2	116.4	89.0
26	134.9	99.2	133.4	99.3	155.6	128.1	157.8	112.3	138.6	98.8	111.5	90.5
Mar. 5	139.2	97.5	138.0	96.4	151.5	129.5	153.7	111.6	142.1	96.5	112.6	88.5
12	138.8	94.1	138.3	91.6	154.4	113.3	206.2	104.2	142.3	91.2	116.0	86.7
High 3/	149.6	105.2	143.9	104.8	167.5	131.1	206.2	112.3	144.6	101.7	117.1	90.5
Low 3/	134.9	94.1	133.4	91.6	151.5	113.3	153.7	104.2	136.6	91.2	109.5	86.7

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ No quotations October 31 - December 9, 1936 due to strike.
3/ January 8 to March 12, 1938 and corresponding dates for 1937.

Table 6.-Average closing prices of May wheat futures, specified markets and dates, 1936-37 and 1937-38

Date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month-												
Dec.	120.5	116.3	125.6	112.6	--	--	128.3	92.1	122.5	89.3	136.4	99.7
Jan.	124.3	126.3	127.2	113.9	--	--	131.2	95.5	124.7	94.2	138.4	105.4
Feb.	126.1	127.7	126.5	112.3	--	--	133.3	94.1	125.6	92.9	139.4	104.8
Week ended												
Feb. 5	124.2	126.7	125.6	112.8	97.4 2/	109.6	130.9	94.2	123.7	93.2	136.8	105.6
12	128.9	128.4	128.5	114.2	100.5 2/	108.9	135.9	95.3	128.7	94.3	141.9	106.3
19	127.4	127.1	126.5	111.3	99.9 2/	106.8	135.4	93.2	127.4	91.9	141.6	103.4
26	124.1	128.3	125.7	111.2	100.0 3/	107.3	131.2	93.8	122.9	92.4	137.6	104.3
Mar. 5	127.6	125.5	129.3	110.7	104.0 3/	106.5	134.0	92.3	125.2	89.6	139.0	102.0
12	130.6	120.6	132.2	108.4	108.5 3/	103.7	136.3	88.8	127.8	86.0	140.7	97.7
High 4/	130.6	128.4	132.2	114.8	108.5 5/	112.0	136.3	97.4	128.7	96.3	141.9	107.3
Low 4/	120.0	120.6	122.0	108.4	94.7 5/	103.7	127.6	88.8	120.7	86.0	133.8	97.7

1/ Conversions at noon buying rate of exchange. 2/ March futures. 3/ April futures. 4/ January 8 to March 12, 1938, and corresponding dates 1937. 5/ March and April futures.

Table 7.- Winter rye: Area sown in specified countries for harvest in 1936, 1937 and 1938

Country	1936	1937	1938
	1,000 acres	1,000 acres	1,000 acres
United States	6,494	7,593	6,869
Canada	483	799	517
Total (2)	6,977	8,392	7,386
Belgium	385	375	380
Bulgaria	402	426	436
Czechoslovakia	2,466	2,358	2,423
France 1/	1,611	1,620	1,621
Germany	11,006	10,122	10,285
Greece	160	160	1/ 171
Lithuania	1,207	1,251	1,327
Poland	14,346	14,076	14,471
Rumania	1,021	1,052	1,102
Total (9)	32,604	31,440	32,216
Total (11) countries	39,581	39,832	39,602

1/ Sowings to January 1.

Table 8.-Acreage seeded, yield per acre, and production of all wheat, 1919 to date

Year	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,510	11.8	759,482
1924	55,706	15.1	841,617
1925	61,733	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.2	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.0	626,344
1936	73,724	8.5	626,766
1937	81,362	10.7	873,993
1938 1/	79,774		

1/ Preliminary.

Table 9.-Seeded acreage, yield per acre, and production, durum, other spring and all spring wheat, 1926-38

Year	Durum 1/			Other spring			All spring		
	Acreage	Yield	Production	Acreage	Yield	Production	Acreage	Yield	Production
	1,000 acres	Bushels	1,000 bushels	1,000 acres	Bushels	1,000 bushels	1,000 acres	Bushels	1,000 bushels
1926	4,868	8.7	42,349	15,240	10.4	158,257	20,108	10.0	200,606
1927	5,463	14.3	78,059	16,064	15.5	248,812	21,527	15.2	326,871
1928	6,855	13.9	95,266	15,866	15.1	240,041	22,721	14.8	335,307
1929	5,738	9.5	54,470	17,135	10.7	182,508	22,873	10.4	236,978
1930	4,745	12.0	57,166	17,373	11.3	195,699	22,118	11.4	252,865
1931	3,959	5.5	21,069	16,392	5.8	95,209	20,351	5.7	116,278
1932	4,184	9.7	40,463	18,358	12.2	224,669	22,542	11.8	265,132
1933	3,070	5.4	16,463	20,970	7.6	158,702	24,040	7.3	175,165
1934	1,928	3.3	6,353	17,049	4.8	82,077	18,977	4.7	88,430
1935	2,427	9.7	23,465	19,716	7.0	137,560	22,143	7.3	161,025
1936	3,555	2.3	8,073	20,404	4.8	98,819	23,959	4.5	106,892
1937	3,226	8.6	27,791	20,524	7.8	161,100	23,750	8.0	188,891
1938	3,613			18,669			22,282		

1/ Figures on durum apply to three States only - Minnesota, North Dakota, and South Dakota. Durum production in other States is not important and figures are included with "other spring".

Table 10.-Movement of wheat, including flour, from principal exporting countries; 1934-35 to 1937-38

Country	Exports as given by official sources						Date
	Total			July 1 to date shown			
	1934-35	1935-36	1936-37	1935-36	1936-37	1937-38	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/ ...	21,532	15,929	21,584	8,973	12,497	53,042	Jan. 31
Canada	169,630	237,447	213,028	157,282	178,088	73,921	Feb. 28
Argentina	187,000	76,577	162,085	59,726	98,686	42,964	Feb. 28
Australia	108,007	102,258	95,970	40,619	32,928	37,371	Dec. 31
Russia	4,286	29,704	4,479	11,801	890	9,969	Sept.30
Hungary	12,499	14,644	27,428	7,902	16,984	5,415	Dec. 31
Yugoslavia	4,401	728	17,302	106	9,750	4,535	Dec. 31
Rumania	3,432	6,391	35,540	9,706	19,307	20,695	Nov. 30
Bulgaria	375	988	7,273	924	4,654	4,607	Dec. 31
British India	2,318	2,556	14,674	656	855	1,082	Aug. 31
Total	513,480	487,222	599,363				

	Shipments as given by trade sources						
	Total		Week ended 1937-38			July 1 - Mar. 12	
	1935-36	1936-37	Feb.26	Mar.5	Mar.12	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bu.	1,000 bu.	1,000 bushels	1,000 bushels
North American 2/ ..	220,464	225,902	3,600	3,317	2,372	176,040	131,489
Canada,4 markets 3/.	246,199	194,531	577	576	391	162,620	64,282
United States	7,219	10,049	2,079	1,505	1,530	6,421	56,615
Argentina	78,312	164,678	3,304	2,582	2,208	108,054	44,102
Australia	110,576	105,836	3,888	3,028	4,512	64,808	69,668
Russia	29,024	88	128	80	408	88	34,528
Danube & Bulgaria 4/	8,312	65,544	680	784	456	46,976	30,536
British India	5/ 2,556	5/14,674	296	112	0	7,936	11,370
Total 6/	449,244	576,722				403,902	321,693
Total European shipments 2/	360,264	484,600	11,264			7/ 305,352	7/ 258,152
Total ex-European shipments 2/	131,760	127,192	1,280			7/ 91,872	7/ 59,280

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminister.
4/ Black Sea shipments only.
5/ Official.
6/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
7/ To February 26.

Table 11.- Seeded acreage of spring wheat by areas, average 1927-36, annually, 1934-38

Area	Average 1927-36	1934	1935	1936	1937	1938 prospective seedings
Spring wheat other than durum	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Minn. N.D. & S.D.	11,319	11,460	13,822	12,872	12,366	11,841
Wash.,Ore. & Ida.	1,852	1,527	1,310	2,170	2,668	1,862
All other states	4,762	4,062	4,534	5,362	5,490	4,966
Total	17,933	17,049	19,716	20,404	20,524	18,669
Durum wheat 1/...	4,192	1,928	2,427	3,555	3,226	3,613
Total all spring	22,125	18,977	22,143	23,959	23,750	22,282

1/ Note same as table 9.

Table 12.-Exports of wheat and wheat flour from the United States, 1936-37 and 1937-38
(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-Jan.	1,766	39,451	22,832	2,892	12,497	53,042
Week ended-						
Feb. 5	22	1,347	15	65	92	1,653
12	0	2,047	28	39	132	2,230
19	0	3,260	50	45	235	3,472
26	0	1,811	34	57	160	2,079
Mar. 5	20	1,167	37	72	194	1,505
12	13	1,253	30	59	154	1,530

Compiled from reports of the Department of Commerce.

Table 13.- Shipments of wheat, including flour from principal exporting countries, specified dates, 1936-37 and 1937-38

Period	Argentina		Australia		Danube		North America	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-Jan.	60,136	27,292	47,432	48,496	44,760	26,688	160,224	110,280
Week ended-								
Feb. 4	7,896	3,016	2,660	2,176	752	920	3,000	3,704
12	7,024	2,220	2,616	3,460	624	504	3,112	3,864
19	7,896	3,480	2,408	3,444	296	504	2,200	4,352
26	8,760	3,304	3,432	3,888	232	680	3,352	3,600
Mar. 5	9,108	2,582	3,736	3,028	136	784	2,344	3,317
12	7,232	2,208	2,524	4,512	176	456	1,808	2,372
19	8,420	1,969	3,428	3,842	384	864	2,192	3,590

Compiled from Broomhall's Corn Trade News.

Table 14.- Wheat: Production, 1932-33 to 1935-36

Country	1934-35	1935-36	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America:				
United States	526,393	626,344	626,766	873,993
Canada	275,849	281,935	219,218	182,410
Mexico	10,950	10,712	13,606	11,216
Total (3)	813,192	918,991	859,590	1,067,619
Europe:				
Europe excl. Danube Basin (26)	1,298,855	1,274,724	1,097,074	1,195,698
Danube Basin (4)	249,300	301,689	384,277	359,213
Total (30)	1,548,155	1,576,413	1,481,351	1,554,911
North Africa (4)	134,170	113,692	95,791	114,593
Asia (6)	525,776	536,675	565,031	589,160
Total 43 countries	3,021,303	3,145,771	3,001,763	3,326,283
Southern Hemisphere				
Argentina	240,669	141,462	249,193	184,047
Australia	133,394	144,217	150,559	174,630
Union of So. Africa	16,373	20,195	16,077	9,723
Estimated world total excluding Soviet Russia and China 1/	3,543,000	3,582,000	3,538,000	3,816,000

Compiled from official data.

1/ Includes, besides countries listed, estimates for wheat producing countries of the world for which reports are not available.